

State Employee Group Insurance Program Reform

The State Employee Group Insurance Program (SEGIP) represents 50,000 employees and 120,000 members, contains all 3 branches of state government including state university system employees, and is the largest employer group in the state of MN.

Prior to the Pawlenty Administration:

- State employees selected their health care plan from one of three tiers.
- All three tiers had the same premium costs.
- Health Plans were placed into a particular tier using a “data warehouse” to measure the average cost for each individual.
- The office visit copay cost:
 - Tier 1: \$5
 - Tier 2: \$10
 - Tier 3: \$20
- There was no individual deductible.
- There were three different health plan formularies and generic therapy plans.

In 2003, the Pawlenty Administration:

- Transformed Minnesota Advantage to a value-based benefit plan, providing cost and quality incentives.
- Ensured employee choices to manage their out-of-pocket cost as in consumer-directed plans.
- Added a fourth tier.
- Retained same premium costs for all tiers.
- Used cost information to negotiate with primary care provider clinics for placement into a particular tier to become employee health care home.
- Placed provider clinics into a tier using risk-adjusted cost for individuals, referrals, and re-hospitalizations after clinic given chance to reduce cost.
- Enabled state employees to compare clinics through online quality reports using the *MN Community Measurement* system.
- Maintained a benefit plan for individual employees that is well-established in 2010:

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>
Deductible	first \$50	first \$140	first \$350	first \$600
Convenience Care Clinic	\$10	\$10	\$10	\$10
Office copay	\$22	\$27	\$32	\$42
Hospital copay inpatient	\$85	\$180	\$450	25% after coinsurance
Hospital copay outpatient	\$55	\$110	\$220	25% after coinsurance
Drug copay tiers*	\$10/16/36	\$10/16/36	\$10/16/36	\$10/16/36

*formulary/non-formulary/brand name

RESULTS:

In 2003 SEGIP was facing potential **18%** increases each year heading into negotiations. By adding an additional 4th tier to the program and creating stronger incentives for members to seek higher quality care, the program was able to achieve a **5.3%** premium increase for 2004 with **zero increases for three of the last six years**. For comparison purposes, please see the chart showing premium increases for both SEGIP and other large Twin Cities employers, as measured by Hewitt Associates.

Premium increases	2006	2007	2008	2009	2010	2011
SEGIP	--zero--	9.9%	6.7%	3.5%	--zero--	6.7%
Other large employers	2.5%	6.7%	9.1%	4.4%	5.6%	8.8%

SINCE 2003:

- In 2005, the state enhanced SEGIP’s tiering formula at open enrollment with clinic-based quality measures (as reported online by Minnesota Community Measurement), and offered pay-for-performance (via **Bridges to Excellence**) to top performing providers. Bridges to Excellence is a pay-for-performance program that rewards providers, in the form of a financial bonus, for reaching optimal care for patients based on best practices and positive health outcomes. The State of Minnesota, its Medicaid program, and private sector employers all reward providers on the same measures. We are currently rewarding providers for diabetes, cardiovascular disease, and depression.
- In 2006, the state added **Minute Clinics** to the network (private insurers quickly followed).
- In 2006, 73% of state employees participated in an **individual, online health assessment** that reduced their office visit copay by \$5. The assessment information is used to help the individual better manage their health care.
- In addition to the provider “tiering,” SEGIP has other programs designed to meet the wellness needs of its members.
 - For employees who are relatively healthy the program offers 100% preventative care, health assessments, worksite wellness and free smoking cessation programs.
 - For members with moderate health conditions the program provides disease management, Advantage Health Advisor (patient resource service) and medical therapy management (MTM).
 - For members with more chronic conditions the program offers case management and centers of excellence (cardiac, low back, transplant and bariatric).
- **Recipient of the 2004 Council of State Government “Innovation Award” for the SEGIP reforms brought forward during the Pawlenty Administration.**
- Minnesota remains the only state to use the same Bridges to Excellence measures of pay-for-performance within three major payment systems: SEGIP, Medicaid, and the private sector (via the **Smart Buy Alliance**). The result is market-wide use of the measures so that all patients in the state are receiving the same optimal care and providers do not have to treat patients different depending on who they receive coverage from.

While SEGIP continues to focus the program on value based benefit design, it is poised to maintain its leadership in health care reform in MN. The MN Advantage Health Plan will be the ***first to adopt medical homes and provider peer groupings*** and was first to adopt pay for performance, ePrescribing and more. Focusing plan design and incentives towards prevention and competition will allow the SEGIP program to continue to “bend the curve without breaking the bank” on health care costs. The SEGIP Advantage Plan continues to outperform many employer benefit plans and public programs.